

# EUROPEAN POLICYBRIEF



Coordinating for cohesion in the public  
sector of the future (COCOPS)

## SATISFACTION, VOICE AND CHOICE IN EUROPEAN PUBLIC SERVICES

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### INTRODUCTION

This policy brief summarises some of the key findings from research on satisfaction, voice and choice in European public services as part of a work package of the COCOPS project. It is based on an analysis of existing research and original research undertaken under the project. The reports from the COCOPS project are available at [www.cocops.eu](http://www.cocops.eu).

This report summarises the state of the art about regulation and public services, or services of general interest, from the consumers' perspective, especially consumers' satisfaction. The political and academic interest of analyzing consumers' satisfaction towards public services is described, as well as the main research analyzing trends in consumer satisfaction through time and across the EU. Trends and insights about consumers' satisfaction, varying with socioeconomic characteristics, are described. Conclusions are drawn and recommendations made for policy and research with the aim of improving regulation and the functioning of markets from the consumer's point of view. We find that satisfaction and voice behaviour about services is influenced by educational level and occupation, suggesting that there are some categories of disadvantaged consumers that are benefiting less from liberalised public services than others. We suggest ways in which measurement of these aspects of service delivery could be improved.

### THE CONSUMER PERSPECTIVE ON SERVICES OF GENERAL INTEREST

The importance of the perspective of citizens as consumers of public services, often termed services of general interest, is increasingly recognised not only in Europe but in many Organization for Economic Cooperation and Development countries (Fiorio et al 2007 OECD, 2010). Regulators are increasingly interested in how consumers' behaviour and satisfaction contributes to improving regulatory policies, rebalancing a previous mainly supply-side perspective. There is now a growing

recognition that regulatory effectiveness has to include a substantial consumer perspective. In the European Union (EU) this interest is reflected in developments following the White Paper on Services of General Interest (EC, 2004). The EC has increasingly recognized the insufficiencies of the regulation from the supply-side perspective (mainly competition policies) alone. Concretely, the EC is considering if incorporating consumers' perspective into the design of the regulation of these services, as proposed by the OECD (2008b), could increase the power, involvement and confidence of consumers in the market, leading to a better exploitation of the potential benefits of competition (EC, 2008b).

There is a need to measure and evaluate citizens' decisions and perceptions as consumers of these services. Citizens use and monitor services, and have a perspective on the services, their regulation and its reform. A particular concern is that all citizens may not be equally well equipped to take advantage of market mechanisms used in the provision of many public services. Differences by age, occupation and education are potentially important factors in whether citizens are satisfied with their services. We pay particular attention to citizens' satisfaction, choice and voice about services including complaint (for a survey of concepts of choice and voice see Dowding and John 2012). Despite this political and academic interest and need, citizens' perspective towards public services has been insufficiently addressed (Fiorio et al., 2007; Clifton and Díaz-Fuentes, 2010), a gap which the project sought to address.

## WHAT WE FOUND ABOUT CONSUMERS

### Consumers' views and stated preferences

Consumers' opinions and stated preferences, where they express attitudes, motivations and preferences over options, and consumer beliefs can help provide a consumer perspective on services. However, they need to be used with care, taking the form of individual self-evaluation of satisfaction or subjective assessments of services and regulatory systems. Stated views and preferences are an indicator (albeit subjective) of individual welfare and complement other sources, notably revealed preferences, enabling the motivations of decisions or effects on welfare to be assessed. Consumer attitudes include satisfaction with outcomes and processes and evaluations of these characteristics of services. They inform a set of actions including choice of use of service, choice of service provider and different forms of voice about service, both individual and collective. An example of the former is individual complaints about a service and an example of the latter is lobbying politicians about the service, for example its quality or price.

Thus, analyzing satisfaction addresses the need of evaluating the institutional conditions, the quality of public policies, their net effects in terms of winners and losers and the dynamics of these effects (Van Dooren and Van de Walle, 2008). Nevertheless, stated preferences need to be used with care, specifically taking into account: how questions are formulated, the context in which they are carried out and the options available. The problem of individuals expressing views to further their self-interest may make it difficult to use responses to guide societal action where there are gainers and losers (Clifton and Díaz-Fuentes, 2010; Clifton, Díaz-Fuentes, Fernández-Gutiérrez and Revuelta 2011). In addition, James (2009) has demonstrated the influence of expectation on satisfaction indicators, which should be also taken into account when evaluating citizen satisfaction because satisfaction can result from low expectations rather than from good quality services. However, once these caveats are recognised, the satisfaction of consumers is a valuable perspective on services and can reveal striking differences between citizens which this report seeks to summarise.

By undertaking novel analysis of data about citizens across EU member states we compared their satisfaction across a set of important social and economic characteristics, which revealed important differences between types of consumer. Their satisfaction with access to key public services based on our analysis of Eurobarometer data across the EU 25 is summarised in Table 1. Satisfaction with access is derived when the respondent states that the access of a service is "easy", instead of difficult or non-existent. As observed, satisfaction with access is quite high for all the services, except gas, which is partly due to geographical supply lines being limited. The satisfaction with price based on our analysis of Eurobarometer data is summarised in Table 2 defined as when the respondent states that the price of a service is "affordable", instead of "not

affordable” or “excessive”. Satisfaction with price is generally lower than satisfaction with access and is especially low for gas.

Considering different socio-economic and other characteristics reveals differences between the stated welfare of these different groups. There are no general differences between men and women in satisfaction with access but the elderly are less satisfied with gas. Satisfaction with price is slightly lower for women in gas, but larger differences are observed with respect to age: the elderly are quite less satisfied with both the access and the price of gas.

As would be expected because of concerns about consumers’ ability to gain benefits from markets which can often be complex, the socioeconomic characteristic of educational attainment may be related to satisfaction. Those with lower education are less satisfied with the access, most clearly in gas. Educational achievement is again the most important factor in price satisfaction, with those having only basic education being much less satisfied with price, and of course economic disadvantage in being able to pay is a major issue for this group.

In terms of occupation, managers and white collar workers are more satisfied than the average with the access, and especially with the price of all the services, although clear patterns are less evident than for education. Of particular interest is the case of unemployed: their satisfaction with access to services is close to the average (except their lower satisfaction with access to fixed telephony), but their satisfaction with the price of services is generally much lower than the average. This evidence illustrates that the problems of this group of citizens are in terms of affordability, becoming particularly striking gaps for the cases of fixed telephony and gas.

Other factors seem less important with the exception that residents in rural areas show lower satisfaction with the access to gas and the price of gas. Thus, rural residents show particular problems in gas services, partly no doubt due to infrastructure constraints of supply.

**Table 1: Analysis of satisfaction with access to key public services (percent satisfied of different groups)**

		Freq. (%)	Fixed telephony	Electricity	Gas	Water
Sex	Men	48,2	90,92	93,55	72,24	92,57
	Women	51,8	90,43	93,32	71,69	92,92
Age	15-24	15,3	89,59	91,26	71,89	91,39
	25-34	16,8	89,22	93,75	74,44	93,69
	35-44	18,4	91,24	93,15	71,82	91,99
	45-54	16,8	92,63	94,88	73,60	93,76
	55-64	13,0	91,72	93,89	72,55	92,95
	>65	19,7	89,83	93,57	68,67	92,74
Education	Basic	30,9	88,10	91,07	68,53	90,66
	Secondary	38,6	90,97	94,13	73,50	92,98
	Higher	30,5	92,88	94,94	73,76	94,59
Occupation	Self-employed	8,0	92,57	92,42	69,26	91,18
	Managers	9,4	96,63	96,40	76,15	94,96
	Other white coll.	10,9	91,88	94,71	80,43	94,74
	Manual workers	21,2	89,67	92,57	71,63	91,48
	House person	9,7	90,83	92,76	70,27	93,39
	Unemployed	6,0	83,82	94,45	70,29	94,34
	Retired	24,3	89,48	93,97	69,82	92,99
	Students	10,4	91,16	90,72	70,44	90,46
Nationality	Country born	93,2	90,73	93,38	71,94	92,79
	Foreigner	6,8	89,75	94,09	73,41	92,95
Household Size	One member	19,1	88,35	93,08	70,66	93,07
	Two members	30,5	91,48	94,66	72,40	93,22
	Three members	19,6	90,37	92,63	72,49	92,54
	Four members	19,3	92,00	92,50	74,21	92,58
	>Four members	11,4	90,64	93,70	68,97	91,67
Area of resid.	Urban	66,9	90,45	92,99	78,46	93,12
	Rural	33,1	91,11	94,32	59,07	92,02
TOTAL		100	90,67	93,43	72,04	92,76

Source: Analysis based on data in European Commission (2007)

## Evaluating large scale public management reforms

**Table 2: Satisfaction with price of public services (percent satisfied of different groups)**

		Freq. (%)	Fixed telephony	Electricity	Gas	Water
Sex	Men	48,2	67,71	66,43	49,55	72,88
	Women	51,8	67,05	62,26	45,40	70,77
Age	15-24	15,3	66,64	62,73	45,98	68,90
	25-34	16,8	63,49	65,46	50,07	73,51
	35-44	18,4	67,05	64,22	48,99	73,73
	45-54	16,8	68,53	66,25	48,99	72,93
	55-64	13,0	70,37	63,02	46,50	70,76
	>65	19,7	68,55	63,64	43,96	70,46
Education	Basic	30,9	64,17	61,72	45,09	68,82
	Secondary	38,6	68,56	64,18	46,73	71,80
	Higher	30,5	69,09	66,97	50,59	74,80
Occupation	Self-employed	8,0	70,82	63,70	48,13	74,81
	Managers	9,4	77,60	72,95	55,75	78,74
	Other white coll.	10,9	70,04	71,03	57,69	77,33
	Manual workers	21,2	64,33	62,81	46,14	69,98
	House person	9,7	68,01	65,23	45,79	73,59
	Unemployed	6,0	55,53	55,77	37,73	66,01
	Retired	24,3	66,36	62,35	44,10	69,42
	Students	10,4	67,75	61,28	45,91	68,29
Nationality	Country born	93,2	67,11	64,39	47,46	71,86
	Foreigner	6,8	70,93	62,58	46,53	70,85
Household Size	One member	19,1	63,10	64,79	46,12	73,78
	Two members	30,5	70,12	66,73	48,35	72,52
	Three members	19,6	66,01	63,55	47,14	70,84
	Four members	19,3	69,04	62,17	49,14	71,25
	> Four members	11,4	66,68	61,64	44,52	69,05
Area of resid.	Urban	66,9	68,16	64,58	51,64	72,42
	Rural	33,1	65,76	63,65	38,83	70,51
<b>TOTAL</b>		<b>100</b>	<b>67,37</b>	<b>64,27</b>	<b>47,40</b>	<b>71,79</b>

Source: Analysis based on data in European Commission (2007)

Results on consumers' satisfaction by socioeconomic characteristics are further explored in Table 3, which describes the perception of the grade of consumer protection. Satisfaction with this dimension is defined when the respondent states that the consumers' interests are protected "very well" or "fairly well", instead of "fairly badly" or "very badly". As observed, those services where satisfaction with consumers' protection is higher are water and electricity, whilst the lower satisfaction is observed with respect to gas. As with respect to satisfaction with access, there are not significant differences among men and women whilst the elderly are a little less satisfied in most of cases. Educational attainment shows particular results: those with secondary education are more satisfied than those with basic education with the grade of consumers' protection in all the services although those with higher education are slightly less satisfied than those with secondary education in most of the cases, possibly because their expectations on this regard are higher. Regarding occupation, students, managers, white collars and also manual workers are generally more satisfied with consumers' protection, whilst self-employed, house persons, unemployed and retired are less satisfied with most of the services. Satisfaction with consumers' protection is quite similar between country born individuals and foreigners and those living in different household sizes. Finally, those living in rural areas are less satisfied with the grade of consumers' protection in the case of gas.

**Table 3: Satisfaction with the protection of consumers (percent satisfied of different groups)**

		Freq. (%)	Fixed telephony	Electricity	Gas	Water
Sex	Men	48,2	67,71	66,43	49,55	72,88
	Women	51,8	67,05	62,26	45,40	70,77
Age	15-24	15,3	66,64	62,73	45,98	68,90
	25-34	16,8	63,49	65,46	50,07	73,51
	35-44	18,4	67,05	64,22	48,99	73,73
	45-54	16,8	68,53	66,25	48,99	72,93
	55-64	13,0	70,37	63,02	46,50	70,76
	>65	19,7	68,55	63,64	43,96	70,46
Education	Basic	30,9	64,17	61,72	45,09	68,82
	Secondary	38,6	68,56	64,18	46,73	71,80
	Higher	30,5	69,09	66,97	50,59	74,80
Occupation	Self-employed	8,0	70,82	63,70	48,13	74,81
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	Manual workers	21,2	64,33	62,81	46,14	69,98
	House person	9,7	68,01	65,23	45,79	73,59
	Unemployed	6,0	55,53	55,77	37,73	66,01
	Retired	24,3	66,36	62,35	44,10	69,42
	Students	10,4	67,75	61,28	45,91	68,29
Nationality	Country born	93,2	67,11	64,39	47,46	71,86
	Foreigner	6,8	70,93	62,58	46,53	70,85
Household Size	One member	19,1	63,10	64,79	46,12	73,78
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	Three members	19,6	66,01	63,55	47,14	70,84
	Four members	19,3	69,04	62,17	49,14	71,25
	> Four members	11,4	66,68	61,64	44,52	69,05
Area of resid.	Urban	66,9	68,16	64,58	51,64	72,42
	Rural	33,1	65,76	63,65	38,83	70,51
TOTAL		100	67,37	64,27	47,40	71,79

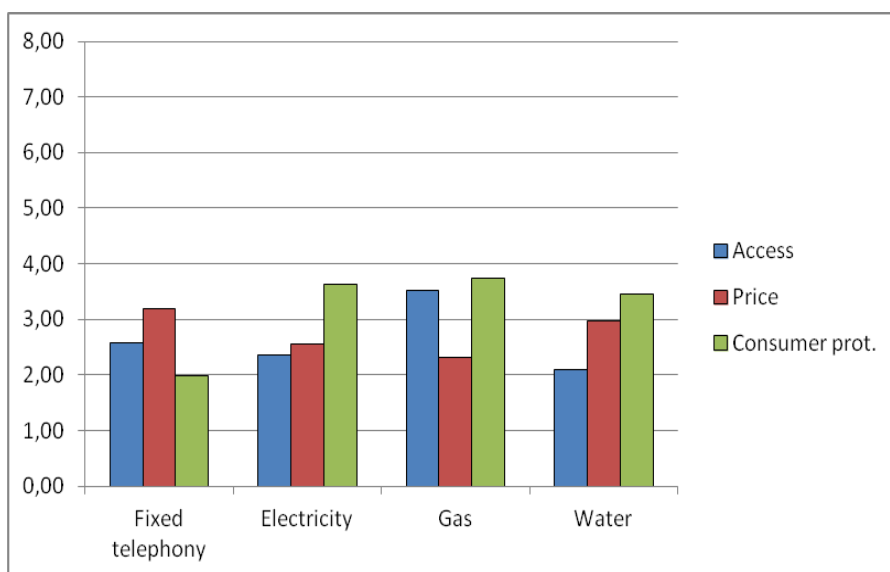
Summing up, indicators on satisfaction reveal to be quite sensitive to the exact dimension for which respondents are being questioned, as illustrated by the results on accessibility, affordability and grade of consumers' perceived protection. As observed, many of the patterns regarding different indicators are closely related.

Graphs 1 and 2 summarize the existing gap in satisfaction with some services between the average and two particular socioeconomic groups: consumers with basic or lower levels of education (graph 1) and unemployed consumers (graph 2).

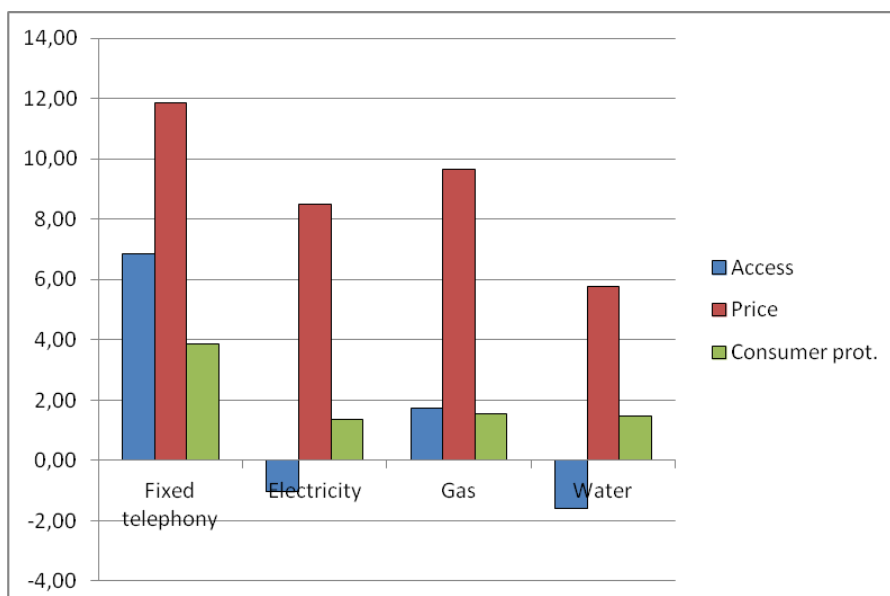
As observed in graph 1, consumers with lower levels of education are less satisfied than the average with all the dimensions of the services considered, although particularly with access to gas, price of fixed telephony and water and perception of consumer protection in most of the services.

For the unemployed (graph 2), their satisfaction is much lower than the average as regards price of the services, especially in the case of fixed telephony, but also of gas and electricity. Also their satisfaction is lower with access to telephony. Interestingly, their satisfaction with the access to electricity and water is even higher than the average.

**Graph 1: Gap in percentage of satisfaction between the average and those with basic education**



**Graph 2: Gap in percentage of satisfaction between the average and the unemployed**



## CONSUMER CHOICE AND VOICE

A number of studies on choice and voice towards public services have highlighted their potential effect on equity. Yet most works in this context mainly focus on the choice aspect of (public) services, however, we find the mechanisms also apply to voice. In choice, commentators argue that choosing a certain service provider has mainly benefited the middle-class, those with sharper elbows who have already considerable advantages in leaving poor services. In this view, poor and less educated citizens – those who are potentially vulnerable - can barely make use of greater opportunities to choose among different providers, which is mainly because of the relatively high transaction costs it would bring to them. Thus disadvantaged and vulnerable citizens, such as the less educated and the poor are left behind and hence already existing inequalities have been widened. Others argue more or less similarly by stating that extending opportunities for choice and voice brings greater influence along to citizens, but in accordance to their socio-economic status. This is because they are in a better position to utilize those greater opportunities, as information is more easily available to these groups and the capacity of interpreting information is varying



tremendously among higher and lower educated. In contrast, most proponents of the choice-agenda claim that enhancing choice does actually benefit those who are worse off, since exit-options have always been available to those with more socio-economic power (Le Grand 2007). This means that wealthier citizens always had the chance to leave poor performing services to the private sector, which is an inequality in itself. Greater choice does now provide opportunities to potentially vulnerable citizens which their counterparts always had. Thus in this view, increasing choice does actually reduce inequalities among higher and lower socio-economic status groups, as it offers equal choices to all layers of society. In this regard, authors (such as Le Grand 2005) may recognize the need to support less capable citizens in making those choices by providing support in doing so. This, however, is an additional policy challenge and does not jeopardize the concept behind the so called 'choice-agenda'.

As regards citizens' voice behaviour, we found it has been more frequent in the cases of telephony and electricity than in other services. Complaining is more frequent among men than among women in most of the services and is less frequent among the elderly. In educational attainment, complaining is more frequent among those with higher education. Interestingly, those with higher education appear simultaneously to show higher satisfaction and more activity in complaining, which could be generated by higher involvement in the market and voice in service provision.

Further evidence on the observed equality gap in citizens' voice behaviour towards services of general interest has been provided by Jilke and Van de Walle (2012). Performing logistical regression analysis on the introduced data for an aggregated measure of voice (all sectors combined), they find an equality gap between different layers of society when it comes to submitting a complaint – while controlling for service satisfaction. More precisely, their results suggest that lower educated citizens are less likely to submit a complaint when compared to those with a higher education. Age has a considerably weaker effect on the likelihood of complaining, but is still apparent. Furthermore, they provide first support for the assumption that the gap between the young and the elderly does increase over time. Education, however, did not have a similar effect. In contrary, being lower educated increases the likelihood of submitting a complaint between 2000 and 2004, which suggest that the gap between different educational groups is decreasing. In this regard, we have to keep in mind that these are only overall tendencies that do not necessarily reflect sectoral developments which might vary considerably.

## CENTRAL LESSONS

Socioeconomic characteristics affect citizens' needs, abilities, decisions and perceptions towards the consumption of public services. Citizens are heterogeneous as consumers, and this fact is reflected in their different behaviour in the markets, their differences in terms of participation and involvement and, closely related to all this facts, their differences in satisfaction, voice and choice. This heterogeneity is a relevant circumstance that needs to be taken into account for providers, but also for regulators in their tasks of policy design, implementation and evaluation. Those with basic education and of lower socio-economic status tend to be less satisfied than others and this may reflect difficulties these groups have in dealing with liberalised public services.

Consumers' different backgrounds, networks and abilities have been ignored until recently in regulatory design and evaluation, although both policy-makers and enterprises have incorporated certain particular isolated policies for particular groups of consumers. Research has clearly shown that there is considerable heterogeneity between different groups of consumers of public infrastructure services. This heterogeneity involves citizens being potentially more vulnerable as consumers than others. Some consumers, including the elderly, those not employed or those with lower educational attainment are taking different decisions in markets and as a result they obtain lower levels of satisfaction.

There are significant differences among EU countries and services in terms of consumers' satisfaction, although some of these differences appear to have progressively decreased. Results and trends also depend on the dimension of satisfaction which is considered: accessibility, affordability, quality of provision and so on. Nevertheless, with the existing sources, most of trends

in satisfaction across time are not easy to be analyzed and further comparable *Eurobarometers* or similar surveys should be developed in the future. Current *Eurobarometers* give an incomplete picture of consumer satisfaction, and frequent changes in the questionnaire and gaps in data coverage make longitudinal analysis difficult, if not impossible.

In addition, higher satisfaction is often related with a more active behaviour in terms of complaining, reflected again the closed positive relation between voice, involvement, participation, consumption and satisfaction. A more in-depth looks into how satisfaction, voice and choice are empirically related requires more detailed and longitudinal data which *Eurobarometer* could in future provide.

## PROJECT IDENTITY

<b>PROJECT NAME</b>	Coordinating for Cohesion in the Public Sector of the Future (COCOPS)
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